

of land are projected to be disturbed by this project (71.25 acres of private land and 47 acres of Federal land). The Kiewit Mine, waste dump and haul road located on federal property will be subject to additional review under the National Environmental Policy Act (NEPA) after approval of this notice. These areas of planned disturbance to Federal lands are located within the Northeast $\frac{1}{4}$ and Southeast $\frac{1}{4}$ of Section 19, Township 8 South, Range 17 West, Salt Lake Base Meridian. See Figure 5 – Proposed Surface Facilities. No work or development of the Kiewit Mine will be performed without authorization of the BLM. Work on private lands will commence when this notice is approved by the Utah Division of Oil, Gas and Mining and other applicable local, state, and federal agencies' permits are active.

R647-4-101 Filing Requirements and Review Procedures

This Notice of Intention to Commence Large Mining Operations (NOI) is submitted on behalf of Desert Hawk Gold Corp. (DHG) by North American Exploration, Inc. (NAE) in compliance with Part R647-4 of the Utah Minerals Reclamation Program.

The proposed Kiewit Project is located in Tooele County, Utah, on Federal lands and private lands leased to Desert Hawk Gold Corp. (DHG) by the Clifton Mining Company and Moeller Family Trust. The proposed project is located within the southern $\frac{1}{2}$ of section 13, all of section 24 and the northern $\frac{1}{2}$ of section 25 in Township 8 South, Range 18 West, SLBM. The project boundary also includes all of section 19 and the northern $\frac{1}{2}$ of section 30, Township 8 South, Range 17 West, SLBM. (See Figure 2 – Location Map) *Note: Additional permitting requirements will need to be met for Section 13, T8S, R18W and any other areas shown outside of the disturbed areas if future mining activities are proposed within the section.*

It has been agreed by both the Division of Oil, Gas and Mining and the Operator that inconsistencies exist in the Notice of Intention. It has been mutually agreed by both parties that the Operator will comply with all regulations, in accordance with R647-1-102.

Furthermore, the Operator agrees that any inconsistencies that impact regulatory authority decisions in the Notice of Intent will be decided by the Division of Oil, Gas and Mining. The Operator shall keep and maintain timely records, in accordance to Rule R647-4-121.3, and the Operator can revise or amend the Notice of Intention at any time to clarify the inconsistencies according to R647-4-118 and R647-4-119.

R647-4-102 Duration of the Notice of Intention

It is understood that, when approved, this NOI, including any subsequently approved amendments or revisions, remains in effect for the life of the mine and process facilities, subject to DHG following the terms and conditions as outlined in the approved Large Mine Permit.

R647-4-103 Notice of Intention to Begin Mining Operations

The DHG NOI for the Kiewit Project addresses the requirements of the rules listed under Utah Reclaimed Mine Act 647-4 Rules as follows:

- 104. Operator(s), Surface and Mineral Owners
- 105. Maps, Drawings and Photographs
- 106. Operation Plan

outside contractor. Operations are scheduled to commence as soon as possible, conditional to approval of all permits and plans by the respective agencies involved. Mining, processing and leaching are anticipated to be completed in 6 years. The cyanide leach and processing facilities will operate year round, with four 10 hour working shifts each week. Mining will take place approximately 208 days annually as conditions allow. After closure of the project, reclamation activities are expected to be completed after three additional years (see Section 110.). There will be no underground mining. The ores mined from these surface mines are dominantly oxidized and highly fractured granodiorite (or quartz monzonite). Samples of the overburden, ore, high wall and pit floor of the Kiewit Mine were submitted to ALS Chemex for characterization.

The mineralogical analysis report prepared by ALS Chemex on the Kiewit samples concluded: *"Based on the very low total sulfur content and even lower sulfide content it is expected there will be no measurable acid generation from these rocks. Furthermore the relatively high ratio of carbonates to sulfides suggests that even should a small amount of acid be generated it would be easily neutralized"*. (See Appendix V, Page 122). Net acid generation is a function of sulfide minerals exposed to weathering and the total carbonate minerals available to neutralize the acid. Acid Rock Drainage (ARD) is not likely to be a problem at this mine site as the total sulfur in all of the samples collected to date is less than 1% and testing suggests adequate neutralization of acid within the rock. Analyses of the Kiewit Mine ore, overburden proposed pit floor, and pit wall together with information on petrography and petrology are attached as part of Appendix V.

Samples from rock taken at Clifton Shears and Yellow Hammer Mines suggest the rocks from those sources are unlikely to create ARD. At the Yellow Hammer Mine, further sampling of each rock type will be submitted to DOGM prior to additional mining under the large mine permit. A minimum of 8 samples from each rock type and from each 40' elevation range will be tested using the Sobek Acid Base Analysis Method and elemental analysis. These test results will be made available on site. At the Clifton Shears, no mining below 20 vertical feet from the surface will be done prior to deeper mining without additional ARD sampling as outlined in this Notice. Additional characterization data for the vertical veins at the Clifton Shears deposits is found in Appendix XXIII – Clifton Geochemical Characterization.

The Kiewit Mine ore body lies about 2,000 feet Northeast from the proposed Kiewit cyanide leach pad. Exploration Permit E/045/0140 includes the Kiewit Mine and has been transferred from Dumont Nickel to DHG. The Environmental Assessment that was done is for an exploration drilling program. Before any mining can occur on BLM ground the Environmental Assessment related to the mining and production facilities will need to be